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16 May 49

FROM: Chairman, Joint Chiefs of Staff Budget Advisory Committee

TO: Director, Central Intelligence Agency

SUBJECT: Budget Presentation before Joint Chiefs of Staff
(or Representatives) F.Y. 1951.

1. Pursuant to preliminary discussions, it is requested that the Director of the Central Intelligence Agency arrange for an appropriate presentation to the Joint Chiefs of Staff (or designated representatives) to be held on Tuesday 31 May 1949.

2. The Joint Chiefs of Staff are specifically interested in your evaluation of the scope and reliability of foreign intelligence on which United States force requirements and other estimates are in part predicated.

3. The Joint Chiefs of Staff would also appreciate your views as to the present state of coordination between Intelligence Agencies and your recommendations as to methods for improving such coordination.

4. It would be appreciated if you would discuss the proposed outline of your presentation with me at your convenience.

s/ R.B. Carney
R.B. CARNEY
Vice Admiral, USN
Chairman

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Original fwd to Cen Rec 6/10/49.

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PART I

Gentlemen, the question asked today is an evaluation of the scope and reliability on which foreign intelligence is based, and I presume, particularly, foreign intelligence relating to the USSR and its associated states.

Such a question is very general, and it is very difficult if not impossible to assign a definite percentage such as 90% exact, 80% true, etc. The best that can be done is to give an evaluation to individual reports perhaps on a percentage basis and then assemble the information contained therein and use an overall arbitrary estimate.

Further difficulties arise when one must consider intangibles. For example, the information concerning the number of planes, the number of personnel, and the number of ships can be considered extremely accurate. The quality of such material or of such personnel presents great difficulties in an exact evaluation.

I think we have excellent information on the number of submarines in the Soviet Navy. Our information by no means is anywhere near conclusive as to the fighting value of those submarines. Also our information as regards the number of planes in the Soviet Air Force is quite reliable, but when it comes to judging the quality of those planes, then great difficulties are encountered.

I think you must realize the immense task when one considers the recent controversy in the press concerning the abilities of our own B-36 as contrasted with the Navy fighters. When we ourselves presumably have

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great divergencies of opinion as to the quality of our own materiel about which all of us are presumably well informed, one can realize the great difficulty in trying to obtain an exact, accurate estimate of the quality of the materiel and the personnel of one's opponents.

When the Central Intelligence Agency is confronted by such a condition, there is only one thing that we can do—that is to make the estimate as favorable as possible to our opponents. Unquestionably, there is error in this, and such errors produce greater costs perhaps in amounts of materiel and personnel on our side than would otherwise have been necessary.

However, if we took the contrary view and took the worst position in regard to the intangibles of our opponents, such an estimate might prove fatal to the existence of the United States in case of war. For example, recent reports

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show that the number of planes was not up to the Table of Organization and that by no means were all of the planes in the squadron serviceable for continued immediate use.

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However, because such conditions prevailed in the squadrons in question, the intelligence agencies can by no means say that all air squadrons of the Russian Air Force are in a similar condition.

In this connection, we have never received information that under—

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rated Soviet aircraft.

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But here again it is unsafe to generalize and say from the above few examples that all Soviet planes cannot reach their advertised ceiling.

Information secured concerning the USSR comes from various sources including especially sensitive material, reports by agents, reports by defectors, reports by visitors, and information obtained from the press and over the radio. These are combined together, stressing those which we believe to be more exact than others in order to obtain as clear a picture as possible.

The political reporting is generally good, and one can give that a high percentage mark for accuracy. The economic reporting is equally good in locations and in amounts of material produced. In the quality of the material produced again we begin to run into the intangibles.

We now have information on [] USSR and [] satellite factories— with a total of [] items, respectively, concerning those establishments.

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The security measures taken by the USSR are much more onerous and much more difficult to circumvent than similar measures in the democratic

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countries and as a result make the obtaining of accurate information
a much more difficult task.

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The second question asked in the basic letter concerns "the present state of coordination between intelligence agencies and recommendations as to methods for improving such coordination." In this connection, I should like to point out that a considerable degree of coordination of the intelligence activities of this government has already been attained. It is, of course, true that optimum coordination has not yet been reached. However, not only a start but considerable progress along the path of coordination has been attained. I earnestly believe that we have abolished the gaps even though some duplication remains. And on this subject, I am sure that you gentlemen realize the very considerable difficulties encountered. You all know the difficulties that have occurred in regard to Unification; the Central Intelligence Agency has had analogous difficulties with the addition that one more department is involved. In the basic law, the National Security Act of 1947, the Central Intelligence Agency is charged with the coordination of intelligence activities, but there is no direct authority to make such coordination by direction. The coordination has had to be achieved by mutual agreement among the agencies concerned. As a result, working coordination has been achieved although it has required a much longer time to achieve this by agreement and compromise than if it could have been obtained by direction.

For example, three months were required to secure agreement on most of the present NSCID's, while it took more than one year--from September 1947 to October 1948--for a decision to be reached on one NSCID.

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At the present time there is one subject, the coordination of scientific and medical intelligence, which has been under consideration by the Intelligence Advisory Committee since February of this year. It is hoped that mutual agreement will be achieved within the next few weeks on this item.

As to recommendations for achieving greater coordination, of course, the one recommendation that immediately comes to mind is to make such coordination implicit and by direction instead of by agreement. It certainly would be far easier and far simpler for the Central Intelligence Agency to coordinate in that manner, but such a step cannot be taken until the present law is changed.

Further, if the Central Intelligence Agency were authorized to survey and inspect the intelligence activities of the various departments, steps to insure more complete coordination could be taken much more rapidly than at present where any lack of coordination may develop before it can be ascertained. However, here, too, in the law no authority is provided for such surveys and inspections. The National Security Act states that the intelligence material shall be open to the inspection of the Director of Central Intelligence, but it does not provide for an inspection of the activities.

I do think, however, that during the time the Central Intelligence Agency has been in existence and particularly during the past year there has been a lessening suspicion of this new Agency, and cooperation and coordination of all concerned, especially throughout the working levels, has been achieved, and I believe that this process will continue and will grow.

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